

Function 350: Agriculture

Farm income stabilization, agricultural research, and other services administered by the U.S. Department of Agriculture (USDA) are funded within Function 350. The discretionary programs include: research, education, and rural development programs; economics and statistics services; meat and poultry inspection; a portion of the Public Law (P.L.) 480 international food aid program; and administrative costs. The mandatory programs include commodity programs, crop insurance, and certain farm loans.

The conference agreement on the Republican budget resolution includes \$58.8 billion in mandatory spending for agriculture over a five-year period (2001-2005), an \$8.8 billion increase over current law. This level is \$1.6 billion more than the amount in the House resolution and \$1.3 billion less than the Senate resolution. The conference agreement includes \$5.5 billion for income assistance for 2000, \$500 million less than the House approved, but it also includes \$1.6 billion for income assistance for 2001 that was not in the House resolution. Both the House and Senate resolutions included funds for crop insurance, which the conference agreement provided at the House-passed level (\$7.2 billion).

For 2001, the conference agreement provides \$4.5 billion for appropriated programs in Function 350. This level of funding represents a \$100 million (1.8 percent) cut in purchasing power. The conference agreement continues to cut the purchasing power of these programs in the following four years. By 2005, the level in the conference agreement represents a \$1.3 billion (9.1 percent) cut in purchasing power.

While the conference agreement makes more money available through farm programs, it also makes it harder for the money to reach farmers. Farmers gain access to federal farm programs through USDA field offices. These field offices have faced staffing shortages and funding squeezes for the past several years, forcing long lines at the counter and delays in processing checks. Field offices have fewer personnel who are burdened with ever-increasing amounts of work that much larger staff struggled to finish. The conference agreement only compounds this problem.

- ***Comparison with the House and Senate Resolutions*** — For 2001, the conference agreement is the same as the House and Senate resolutions. However, over five years, the conference agreement provides \$300 million more in appropriated funds than the House resolution and \$300 million less than the Senate resolution.
- ***Comparison with the Democratic Alternative Resolution*** — The Democratic alternative provided \$24.3 billion over five years in appropriated funding for agriculture, \$1.5 billion more than the conference agreement provides and \$240 million more than the level necessary

to keep pace with inflation. For 2001, the Democratic alternative outshone the conference agreement's agriculture funding by \$200 million.

- ***Other Provisions*** — The conference agreement includes the Sense of the House language regarding income averaging for farmers and the Sense of the Senate language on agribusiness mergers and fair markets for farmers.